United States
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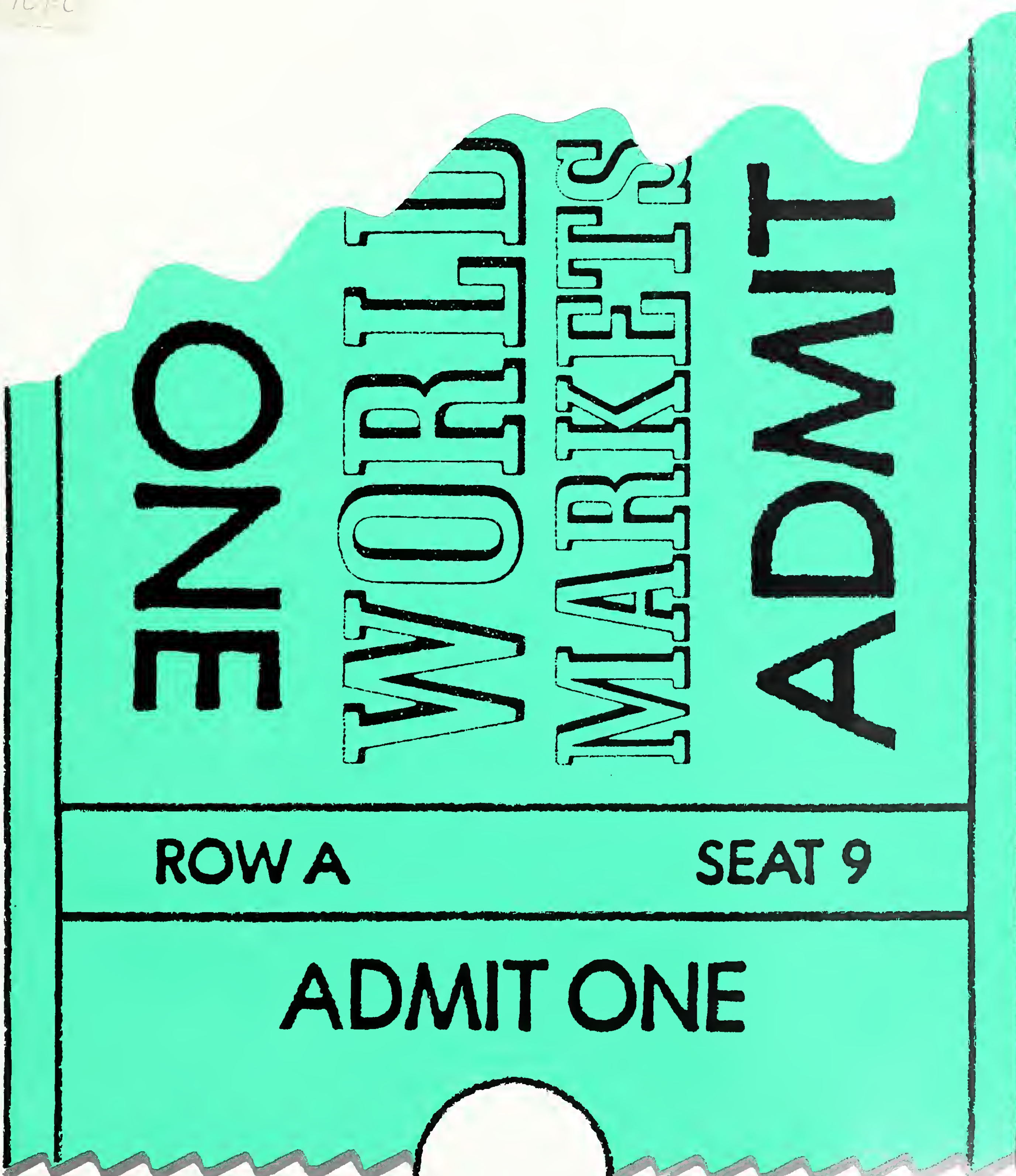
Foreign Agricultural Service

September 1988

Foreign Agriculture

Export Services: Your Ticket to Success



Marketing News

Supermarket Management Seminars Conducted in Southeast Asia

Recognizing that the supermarket industry throughout Southeast Asia is beginning a period of rapid growth, the **U.S. Agricultural Trade Office** in Singapore last spring organized a series of food industry management seminars in Singapore, Kuala Lumpur, Jakarta and Bangkok. The seminars were targeted at food retailers and featured programs on produce, meat and grocery management and operations.

The main objective of the seminars was to aid food retailers in improving their management and merchandising practices. Supermarket retailers in the region are interested in improving the profitability of their operations and encouraging consumers to shop in their stores rather than in traditional market areas. Such improvements could increase U.S. exports as improved handling and merchandising of relatively expensive and perishable U.S. food items could increase U.S. sales.

The seminars, which included lectures as well as visits to retail outlets, uncovered the need of overseas retailers for more information on seasonable availability of U.S. products, perishability, cooking methods, product categorizations, consumption and vitamin content. According to Peter Kurz, U.S. agricultural trade officer in Singapore, informational materials would go a long way in bridging this gap. The need to support product introduction with immediate promotions also surfaced, as many of the retailers give a new product only six weeks to catch on in a market.

There has been demand for follow-up activities and materials. Several large retail organizations have changed their operations based on information gained through the seminars.

MEF Sponsors Luncheon In the Middle East

During the Egyptian celebration of the spring holiday, "Shem Il-Nessim," the **U.S. Meat Export Federation** (MEF) held an invitation-only luncheon featuring U.S. beef liver for 1,200 visitors. The luncheon program was made possible through the USDA's Targeted Export Assistance program.

The promotion included an interview with MEF European and Middle East director Willem Zerk, which was broadcast throughout Egypt, Lebanon, Jordan, the United Arab Emirates and Saudi Arabia. Zerk discussed the types of meats the United States produces and exports as well as quality specifications. Listeners were encouraged to write to the U.S. Meat Nutrition Bureau in Cairo for recipes and nutritive information.

U.S. Food Promotion Is a Success in Japan

The Daiei Inc., a Japanese food retail and promotion group, promoted U.S. foods in its stores and restaurants last spring under the slogan "Discover U.S.A." U.S. foods were featured in 70 company restaurants and over 300 company stores, some of which were located in small cities where such foods are usually not available. A variety of foods were available for purchase, including a selection of meats, horticultural products, fish and grocery items. Restaurants featured U.S. chicken, beef and wine.

The U.S. products were popular, as sales exceeded the company's targets by 17 percent. U.S. meats were in demand, as were various beverages, canned peaches, fruit bars, crackers, wine and lobster. The group is planning a similar promotion for October and December 1988, and March 1989.

The Magazine for Business Firms Selling U.S. Farm Products Overseas

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Features

Departments

Export Services: Your Ticket to Success

Sheila Phalon

By Robert Tetro

Businesses that sell agricultural products and want to add foreign markets to their list of customers need to evaluate carefully current trade patterns, prospective markets, importers, consumer preferences and their own products.

To enhance this evaluation, they can draw on a wide range of services that signal success for their endeavors. A number of such services are available from the U.S. Department of Agriculture's Foreign Agricultural Service (FAS).

To boost the export of U.S. products, FAS provides services such as trade leads, importer lists, product publicity, product reviews and trade shows that can help exporters find, develop and maintain markets abroad.

Trade Leads

A primary need in developing an export business is knowing where foreign sales opportunities exist. FAS gathers this information daily from its agricultural counselors and attaches abroad who cover 100 foreign countries.

FAS representatives overseas gather information through their contacts with foreign companies, government purchasing agencies, brokers, distributors and hotel and restaurant food and beverage personnel.

Trade leads include product specifications, labeling and packaging requirements, end uses of products, delivery deadlines, bid requirements, telex and cable contacts, buyer mailing addresses and bank references.

Leads are transmitted electronically to FAS in Washington, D.C., and disseminated the same day to several commercial computer information networks. Each network charges a fee to provide the information to subscribers.

The Journal of Commerce, a subscriber to one of the networks, publishes trade leads daily. *The Journal* often summarizes all leads transmitted for the week in its Friday issue.

Exporters who want to subscribe to *The Journal* or one of the information networks carrying trade leads should note the addresses and telephone numbers shown in the accompanying article on p. 7. For a one-week trial subscription to *The Journal*, call (800) 221-3777.

Trade leads also are listed in the weekly FAS publication *Export Briefs,* which is targeted to export agents, agricultural trade associations and companies seeking export opportunities.

In addition to trade leads, *Export Briefs* covers upcoming trade shows, foreign trade developments and changes in trade policies. The subscription rate for *Export Briefs* is $75 a year. For more information, contact Export Briefs, (202) 475-3416.

Buyer Alert

To publicize U.S. products for export, FAS transfers information about them electronically to FAS representatives and potential buyers overseas. *Buyer Alert* announcements feature various products, their description and price, the quantity available and information about packaging, labeling and shipping.

Buyer Alert announcements are targeted to importers in Bahrain, Belgium, Canada, Egypt, France, Hong Kong, Italy, Japan, Mexico, Saudi Arabia, Singapore, South Korea, Switzerland and the United Kingdom—leading markets for high-value U.S. food products.

For more information, call Buyer Alert, (202) 382-8533.

Importer Lists

Knowing who the importers are in a potential market is often as important as finding the market. To help exporters gain this knowledge quickly, FAS maintains lists of 13,000 buyer firms in 75 countries. Buyers are identified by the specific agricultural products they seek to purchase.

For a fee, FAS can match a specific U.S. product with prospective buyers abroad. Each commodity-country match can generate one of two kinds of lists: 1) importers of a single U.S. product in all countries or 2) importers of all agricultural products in a single country.

Importer lists provide the names, addresses, telephone numbers and telex identifications of prospective import firms. Inquiries should be directed to FAS Importer Lists, (202) 475-3422.

FAS also maintains a list of U.S. suppliers of agricultural products, which can be helpful to businesses interested in the export trade, such as port authorities, brokers, international freight forwarders and international bankers. The list of U.S. suppliers also is available by calling (202) 475-3409.

Product Reviews

To be successful, U.S. exporters need to understand the food laws and certification procedures of importing countries so that products are properly labeled and packaged. This is especially true for exporters of prepackaged food products.

Upon request, and for a fee, FAS reviews export products and provides information about a specified import country's labeling regulations, food additive and ingredient restrictions, product standards, certification procedures and the product's marketability.

Because foreign food laws frequently differ from those of the United States, exporters can save time and money if they have this information in advance.

A fee of $25 is charged to review each product for export to a specific country. Separate fees are charged for additional products or countries. This fee may be waived for products displayed at an FAS-sponsored promotional event.

For additional information, contact the Export Product Review Program, (202) 475-3408.

Trade Shows

Food and agricultural trade shows continue to be one of the most effective means of introducing and promoting U.S. food products overseas. Participants make contacts at these exhibits that can enhance export sales.

FAS sponsors about 10 exhibits a year. A participant generally pays an exhibit fee that covers use of the exhibit space, facilities and various services, including invitations to foreign traders to visit the exhibit.

The exhibitor is responsible for providing the product and full-time representation at the exhibit. Reservations for exhibit space are assigned on a first-come, first-served basis.

The following types of promotional activities are typical of those in which FAS participates.

International food shows are held annually in leading foreign markets. Shows in which FAS participates are generally oriented toward the high-value products trade, such as food and beverage expositions that attract exhibitors and buyers from many countries.

Hotel, restaurant and institutional exhibits are held in a number of countries each year. Usually 25 to 50 U.S. firms participate, exhibiting institutional-size packages of products and demonstrating product use. Institutional exhibits usually run two to three days and are held in a hotel.

Agent exhibits are organized and managed by FAS agricultural representatives overseas in cooperation with the foreign agents of U.S. food companies. These exhibits usually are held in hotels with agents displaying a complete line of food products for each company represented.

Product displays present U.S. food products in countries where the consumer does not influence imports and where U.S. companies do not send representatives. The displays are sponsored by FAS agricultural counselors and attaches.

In addition to trade shows, FAS representatives sponsor **point-of-purchase promotions** in leading foreign markets to draw consumer attention to U.S. products. These promotions are generally the result of cooperation with chain and department stores and foreign agents of U.S. food manufacturers.

FAS also participates in **livestock shows** to promote the sale of U.S. breeding stock and feedstuffs. For additional information on international shows, contact FAS Trade Shows, (202) 475-3623.

Transportation

New exporters often are concerned with how to transport their products overseas. Specialists with USDA's Office of Transportation are available to help exporters with the problems they encounter in transporting and distributing their products.

For further information, call the USDA Office of Transportation at (202) 653-6060.

For more information on FAS export services, write to:

High Value Products Division
Foreign Agricultural Service
U.S. Department of Agriculture
Room 4946 South Building
Washington, D.C. 20250-1000
Tel. (202) 447-6343. ■

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Information Can Help Exporters in Market Planning

By Robert Tetro

The foundation of any successful export marketing plan is reliable, timely, comprehensive trade data. Exporters need to know about potential markets, consumer preferences, the needs of foreign buyers, world supply and demand conditions and competitor activities.

The Foreign Agricultural Service (FAS) has informational resources that can help exporters market U.S. agricultural products abroad. The resources cover a wide variety of subjects and are available through an electronic network, computer printouts and publications.

Here is a description of several FAS informational resources, with suggestions about how exporters might use them and how to get them. Complete addresses of FAS divisions are listed in the accompanying box article.

Electronic Access

For exporters who have a computer and modem, FAS information is available electronically. FAS issues electronic reports daily, weekly and monthly on trade opportunities, U.S. export sales, world production and trade, import and export prices and trade policy developments.

Exporters can hook into this information through the U.S. Department of Agriculture's Electronic Dissemination of Information (EDI) system. For details about how to access the EDI system, contact USDA's EDI representative, Russ Forte, at (202) 447-5505.

Information from other USDA agencies available through EDI includes market reports, crop and livestock reports, economic outlook and situation reports, agricultural research results, news releases, speeches and Congressional testimony by the Secretary of Agriculture.

Printouts

FAS has modified several trade data bases to make the data easier for exporters to use. The reformatted international agricultural trade data are based on exports and imports reported by United Nations members since 1962. The data cover 490 commodities traded among 160 countries and their more than 200 trading partners.

An exporter might use the data to check the amount of grain imported or exported by a particular country and, with this information, determine where the strongest demand exists. The exporter also might study the pattern of grain trade since 1962, which can lead to identifying both conditions and events that affect export flow.

The reformatted Food and Agricultural Organization (FAO) trade data are based on both actual trade and FAO estimates of trade for about 250 countries, not just members of the United Nations. The data cover 600 commodities for each year since 1961.

Generally, FAO data are more current than U.N. data because estimates are included for countries that do not report or have not reported their trade, especially helpful to exporters interested in Africa, the Middle East and Eastern Bloc countries.

The reformatted Census Bureau trade data cover about 1,500 U.S. imports and exports on a monthly basis. The Census data show greater detail for each commodity—such as processing or packaging—and shipment at major U.S. ports.

Census data can be organized by commodity group, product, country of origin or receipt and port locality. Census data are especially useful to exporters interested in the immediate flow of trade, such as the monthly exports of meat to Japan.

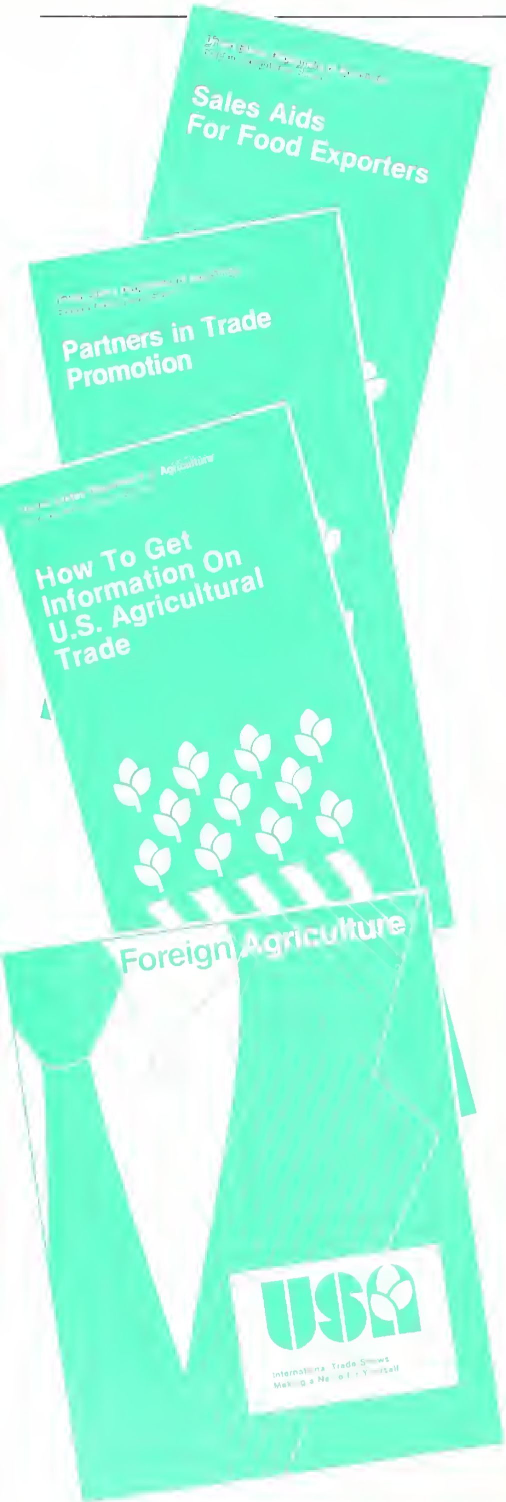
The U.N., FAO and Census trade data bases, as adapted, are available in printout form for the cost of computer time. More information about these data bases is available from the Trade and Economic Information Division, (202) 382-1295. The staff can help an exporter identify the data base that targets the information needed and the level of detail desired.

An exporter of high-value products might be interested in two special runs of international agricultural (U.N.) trade data.

Agricultural Product Profiles examine the market performance of 395 high-value agricultural products, including meat and poultry, eggs, vegetables, fruit, specialty breads, oils, beverages, nuts, seeds, flowers and fodder.

These profiles identify leading markets, fastest growing markets, trade activity, consumer preferences, principal competitors and their relative market strength.

Country Agricultural Profiles describe the agricultural products imported from the United States by 160 countries since 1962. They also identify the chief U.S. competitors for each country's imports.



Both the *Agricultural Product Profiles* and the *Country Agricultural Profiles* are available on a cost-recovery basis from the High Value Products Division, (202) 382-9509.

Publications

What if you don't have a computer? FAS produces a variety of publications that offer information to exporters. Brochures, commodity circulars, reports and a monthly magazine make up the principal information provided in published form.

The brochure, *How to Get Information on U.S. Agricultural Trade,* lists FAS publications and contains an order form for these materials. For a copy of the brochure and other FAS brochures, contact the FAS Information Division, U.S. Department of Agriculture, Room 5920 South Building, Washington, D.C. 20250-1000.

Brochures explain various programs that assist exporters. For example, *Agriculture's Emissaries Overseas* lists 76 agricultural posts FAS maintains abroad and describes the services they provide.

U.S. Agricultural Trade Offices lists 14 FAS trade offices located in major markets of Europe, Latin America, Africa, Asia and the Middle East and describes the functions they perform.

Partners in Trade Promotion lists 50 agricultural organizations that work with FAS to promote U.S. products and develop markets overseas. *Sales Aids for Food Exporters* describes services available to help exporters identify where market opportunities exist.

USDA Technical Office for International Trade describes the office that alerts U.S. exporters to proposed changes in the health, quality and packaging standards of foreign governments.

Foreign Agriculture Magazine

Foreign Agriculture is a monthly magazine featuring articles that analyze conditions affecting U.S. agricultural trade and highlight market development and export promotion activities.

Through the magazine, exporters can pick up tips on doing business overseas, learn about the successes of fellow exporters and read about opportunities in overseas markets.

The magazine is available by subscription from the FAS Information Division, U.S. Department of Agriculture, Room 4642 South Building, Washington, D.C. 20250-1000. The domestic subscription rate is $11 per year; foreign, $14.

Commodity Circulars

FAS circulars cover developments on production and trade in the United States and the world for the following commodities: dairy cattle, livestock, poultry, horticultural products, oilseeds, seeds, sugar and molasses, honey, tea, spices, essential oils, tobacco, cotton, cocoa, wood and coffee.

Circulars help exporters keep track of changing consumer preferences, the needs of foreign buyers and the supply and demand situation for various commodities and countries. Summaries of circulars are available through EDI, (202) 447-5505.

All circulars are available in published form by subscription. For more information, write the FAS Information Division, U.S. Department of Agriculture, Room 4642 South Building, Washington, D.C. 20250-1000.

Reports

U.S. Export Sales details the number of large sales reported by U.S. exporters for the previous week. The report covers grains and products, oilseeds and products and cattle hides and skins. The report is most useful to exporters who want to keep close tabs on the trade flow in these commodities.

The report can help exporters assess the level of export demand, identify where markets exist and gauge the relative position of commodities in those markets.

The report is free in published form and available for a fee through EDI. For printed copies, call (202) 447-9209 or write the FAS Export Sales Reporting Division. For electronic access through EDI, call (202) 447-5505.

Trade Policies and Market Opportunities for U.S. Farm Exports describes governmental programs in more than 100 countries that impede agricultural imports from the United States and identifies market opportunities for U.S. agricultural exports.

The publication is issued annually and is free. Copies are available from the FAS Information Division, U.S. Department of Agriculture, Room 5920 South Building, Washington, D.C. 20250-1000.

Attache Commodity Reports provide detailed information about the production, supply, distribution and trade of major agricultural commodities in countries influencing world production and trade. The reports are written by FAS representatives abroad.

From these reports, an exporter can learn of changes in trade patterns, consumer preferences, market opportunities, retail or support prices, stocks, tariffs, industry activities (such as a mill under construction), market competition and the quality of existing supplies.

About 6,000 attache reports are issued each year, covering 25 commodity categories as well as the current agricultural situation and market promotions and competition.

Commodity categories include cocoa, coffee, cotton, dairy, livestock, poultry, oilseeds and products, citrus, deciduous fruit, grain and feed, nuts, sugar and molasses, tea, tobacco, tomatoes and tomato products, honey, strawberries, canned mushrooms, fruit and vegetable packs and forest products.

A report is issued each year for each commodity and those countries reporting on that commodity. Other reports, noting changes in trade situations, are issued from time to time. Subscription rates differ by commodity and subject matter.

Printed copies are available generally for the last three years from the FAS Reports Officer, U.S. Department of Agriculture, Room 6078 South Building, Washington, D.C. 20250-1000. Summaries can be retrieved electronically through EDI, (202) 447-5505.

Hotlines

Exporters can call for 24-hour information on two types of export activities: the Export Credit Guarantee Program—(202) 472-1621—and the Export Enhancement Program—(202) 447-2043. ■

The author is with the High Value Products Division, FAS. Tel. (202) 382-9509.

Key Contacts for Export Information

EDI
Office of Governmental and Public Affairs
U.S. Department of Agriculture
Room 536-A, Administration Building
Washington, D.C. 20250-1300
Tel. (202) 447-5505

Export Sales Reporting Division
Foreign Agricultural Service
U.S. Department of Agriculture
Room 5965 South Building
Washington, D.C. 20250-1000
Tel. (202) 447-9209

High Value Products Division
Foreign Agricultural Service
U.S. Department of Agriculture
Room 4649 South Building
Washington, D.C. 20250-1000
Tel. (202) 382-9509

Information Division
Foreign Agricultural Service
U.S. Department of Agriculture
Room 5920 South Building
Washington, D.C. 20250-1000
Tel. (202) 447-7937

For subscriptions and publication purchases:

Information Division
Foreign Agricultural Service
U.S. Department of Agriculture
Room 4642 South Building
Washington, D.C. 20250-1000
Tel. (202) 382-9445

Trade and Economic Information Division
Foreign Agricultural Service
U.S. Department of Agriculture
Room 6506 South Building
Washington, D.C. 20250-1000
Tel. (202) 382-1295

FAS Reports Officer
Foreign Agricultural Service
U.S. Department of Agriculture
Room 6078 South Building
Washington, D.C. 20250-1000
Tel. (202) 382-8924

Beyond Etiquette: The Cultural Aspects Of Doing Business Overseas

By John W. Bing

Someone once described the differences between the cultures of Americans, Germans, French and Russians this way: "In America, everything is permitted that is not forbidden. In Germany, everything is forbidden that is not permitted. In France, everything is permitted, even if it is forbidden. And in Russia, everything is forbidden, even if it is permitted." (In these days of *glasnost,* we probably should update the Russian description to "almost everything is forbidden, even if it is permitted.")

That story begins to suggest why, when you do business internationally, you must learn not only about the legal, financial and technical dimensions of the marketplace, you have to learn about the *people* with whom you are doing business.

Beyond Etiquette

A recent article on multinational sales training was headlined: "Where do Germans stand when they shake hands? What do the Swiss talk about over lunch? Do the British put coffee cups on their desks? These details can make or break a multinational training effort."

This provides the illusion that all Swiss converse in the same way over lunch (the article mentions what they don't talk about—business). This is a simplistic view about the role culture plays in international business.

If you put your coffee or tea mug on a British manager's desk, he probably will refrain from calling the Bobbies. But if you don't understand the cultural framework in which an important sales negotiation takes place, you could make a very expensive mistake.

Cultural literacy is more than simple matters of courtesy and etiquette. Exporters today must look closely at how culture affects their marketing and negotiating internationally. And for Americans this can be a special problem.

Walter Ong (quoted by James Lee in a path-breaking *Harvard Business Review* article, "Cultural Analysis in Overseas Operations") says Americans frequently have big difficulties in dealing in the international marketplace because, "Our own great American achievement has somehow become a positive psychological handicap. The United States has been a vast and successful working machine for converting into ourselves persons from every nation of the world, but we cannot make ourselves over, even imaginatively, into other people."

Building Trust and Doing Homework

You don't have to go native, or lose your character, to be a successful entrepreneur overseas. In fact you shouldn't. But you do need to have the capacity to understand your customers' needs, your international partners' concerns and your competitors' strengths.

Before you can do business with other people, you need to be accepted by them. In most other countries, doing business involves a higher level of trust than here in the United States, probably because here we put our trust in the legal contract and in the courts. Perhaps that's why there are more lawyers in New Jersey than there are in all of Japan. That's also why developing personal relationships with potential customers is so important.

Next, you are going to have to do your homework.

Some U.S. food and agricultural products sell well in different cultures without modification. Coca-Cola has been successful in almost every country of the world, and so have Kellogg's Corn Flakes. But General Mills had a hard time introducing its cake mixes to England and Campbell's also was unable to launch their canned soups in European markets until they were reformulated to meet European tastes.

The general principle is that introducing a new product often does not require changing tastes; but an older one, such as soup or cake mixes, may be different enough from existing ones to require expensive consumer re-education.

Likewise, some advertising agencies may tell you that you can take your product message worldwide without changing it. Well, almost. You might have to change the language—and perhaps the medium from TV to billboards or to newspapers.

And in many cases, culture determines what are perceived as desirable attributes of a product. Consequently, if you are making or selling a product overseas, it would be foolish not to consider local differences in buyer preferences.

For example, a study was made of what people in the United States, Great Britain, Brazil and India saw as desirable attributes of toothpaste. The results showed that U.S. consumers preferred a refreshing taste, the French wanted one that would kill germs, the Indians wanted it to appeal to children and the Brazilians cared about its color and whether or not the tube squeezed easily.

In another case, this time of a food product, the successful introduction of a Pennsylvania Dutch-type cookie into Japan followed market research showing that Japanese preferred a more glazed finish, a smaller cookie with different spices and more elegant packaging than the product sold in the domestic U.S. market. The businessperson who launched this product in Japan did his homework, and his cookie is selling.

Different economic climates also can have an impact on your pricing strategy.

For example, if you are selling a product in Brazil, or another country with a rapid rate of inflation, be prepared to change your prices monthly, sometimes weekly.

Knowing the Language and the Rules

Another area where cultural literacy—and language facility—is particularly important is in negotiating.

After all, when you're negotiating with another group, and they speak your language and you don't speak theirs, who has the competitive advantage?

Beyond language fluency, culture is the medium in which negotiations—closing the deal—will take place.

In order to successfully negotiate internationally, you must know both the style of the other team and the cultural values which they hold.

David Halberstam, whose book *The Reckoning* is a study of U.S. and Japanese automobile companies, has said that it was difficult to get information from his Japanese sources.

Halberstam quotes a Japanese source who said, "In terms of communication, Japan is like the Black Hole of the universe; it receives signals, but does not emit them." He goes on to say that in Japan, the getting of information has a positive social value while the giving of it is considered worthless or even harmful.

Neil Chesanow, the author of *The World-Class Executive*, goes so far as to say that "In a commercial world growing ever more interdependent, the time is not far off when executives without international negotiating skills will be like those who know nothing about computers today: They are rapidly becoming obsolete."

Where To Learn About Cultures

How can you and your company best prepare for dealing in the international marketplace? You have a number of choices.

First, you can hire people who already know the in's and out's of your particular target foreign marketplace.

Or you can train existing staff in how to approach the international marketplace. For a small business, this might be the best alternative since that way you can combine your employees' experience with your company, and their professional and technical experiences with a capability to conduct business internationally.

There's also another good and very personal way to learn about foreign cultures.

There are 350,000 international students, many of them studying business, in our colleges and universities. Many of these students have never seen the inside of an American home.

You could call the foreign student advisor at your local college or university, ask a Kuwaiti, Lebanese or Brazilian over for a meal, and learn a lot in return.

The Payoff: Big Growth Potential

When U.S. companies pay attention to their international clients, to their needs and concerns, and to the basic hard work it takes to sell products anywhere, there is a terrific potential for growth.

Within the past decade, China and the Soviet Union both have begun to open their vast markets to the world. That opening is not only a great opportunity for us, but also it's an endorsement of the U.S. entrepreneurial system from unexpected sources. Now it's up to us to roll up our sleeves and get to work. ■

The author is president of International Training Associates of Princeton, 300 North Harrison Street, Princeton, N.J. 08540. Tel. (609) 921-1446.

Teaming Up for Exporting: Gaining a Competitive Edge

By Kelly Ward

The dramatic drop in the value of the U.S. dollar, increasing wage rates abroad and strong growth rates in some overseas markets are making the export market an area of special opportunity for the U.S. food and agricultural industry. One way for a firm that lacks the resources or expertise to export on its own to tap into this booming market is to team up with other companies.

By joining together, U.S. firms can lower individual costs and increase efficiency in all phases of export operations. While such collaboration is not possible in the domestic market because of U.S. antitrust laws, it is actually encouraged in the export market by the Export Trading Company (ETC) Act of 1982.

Despite its title, the ETC Act offers an incentive program for all exporters, not just export trading companies. Essentially, the ETC Act encourages firms to join together to make exporting easier, less costly and more profitable—and protects these firms against being sued for violations of U.S. antitrust laws.

Already the ETC Act has given over 700 U.S. businesses the benefits of joining together to export under the umbrella of antitrust protection.

The Act allows exporters to set export prices, allocate markets and customers and pool the risks and costs of exporting with other exporters.

Here are some examples of how the team approach can help exporters.

Market research: One or more U.S. firms can join together to share the costs of foreign market research, including hiring expertise and arranging travel and overseas activities.

Market development: Joint activities with another firm can make the costs of overseas trade shows and missions more affordable. Firms with complementary products can offer more attractive "full-line" packages to prospective buyers. Exporters also can cut costs by joining together in generic advertising, which cultivates a demand for U.S. food and agricultural products without necessarily promoting brand names.

Bidding strength: Foreign buyers often attempt to play sellers off against each other. U.S. firms bidding against each other for export sales to large foreign buyers, particularly governmental or quasi-governmental agencies, may find joining ranks an effective way to increase their prices—and their profits.

Particularly where a product is homogeneous among producers, competing foreign products are unavailable or less desirable, or the number of U.S. sellers is small, joint bidding agreements can mean higher profits for U.S. firms.

While agreements for this purpose in domestic markets would violate U.S. antitrust laws, they are not illegal if confined to exporting. However, since joint price setting is a sensitive antitrust area, a Certificate of Review may be especially worthwhile. (See Fact File on page 14.)

Nontariff trade barriers: Cost sharing agreements also can help exporters overcome some nontariff trade barriers, such as specific labeling, packaging or quality control requirements imposed by foreign governments. By setting up a one-stop labeling, packaging, inspection, fumigation or similar facility with some other firms, exporters can reduce individual costs dramatically.

Transportation and shipping: Carriers often can be induced to offer volume discounts to exporters who band together. By entering into joint shipping arrangements, U.S. agricultural exporters can guarantee carriers sufficient cargo to negotiate these discounts. In some cases, carriers also are willing to enter into longer term rate contracts. Thereby, firms can quote prices with greater certainty.

Competitiveness: Joint venture agreements offer economies of scale and increased efficiencies in export operations. This translates into increased competitiveness for exporters in foreign markets which in turn leads to increased sales and profits.

Spreading the risk: If a particular company seldom gets export orders or if the orders are extremely large relative to the capacity of the firm, risk diversification may be an important consideration.

Even though a firm may be able to fill the export order, it may be uncomfortable having too many eggs in one basket. This consideration is not unique to exporting, but in dealing with foreign markets there may be special commercial risks that make diversification particularly desirable.

Thus, a firm may wish to limit its individual risk by sharing export orders. This can be especially true if the buyer is the government of a foreign country with a history of political instability.

Use the Team Approach Creatively

A number of U.S. agricultural exporters already have awakened to the potential of the Export Trading Company Act and have used it in creative ways. The ETC program has proven useful to these firms by providing the antitrust protection needed by cooperatives and noncooperatives to work together to respond to major international tenders.

Of the 82 certificates issued under the ETC Act thus far, more than 26 include agricultural exports, and 15 cover agricultural firms exclusively. Goods covered include rice, prunes, sweet cherries and pecans.

One example is a group of cherry growers in the Northwest who wanted to export their product to Japan. The Japanese government has strict regulations requiring that cherries be fumigated before entering Japan. No cherry grower could afford this expensive process alone and still compete in the Japanese market.

However, by joining together, these cherry growers were able to combine their product and set up a one-stop fumigation warehouse. This substantially reduced their costs, and they are now selling successfully in Japan.

In another case, four U.S. firms that shell and package pecans have used the ETC Act to obtain antitrust protection against the threat of private lawsuits. With the help of the Act, they have been successful in their cooperation effort to sell pecans in the European market with confidence that the ETC Act provides a deterrent against private legal actions. ■

The author is the Information Officer for the Office of Export Trading Companies Affairs, U.S. Department of Commerce. Tel. (202) 377-5131.

Fact File:

The Export Trading Company Act and Antitrust Protection

The Export Trading Company (ETC) Act was implemented in 1982 in order to involve the thousands of smaller U.S. companies in exporting. Essentially, the ETC Act encourages firms to join together to make exporting easier, less costly and more profitable.

However, there is a legal problem in businesses joining together, in that sharing product and market information can be a violation of U.S. antitrust laws. Antitrust problems may arise with exchange of business information, joint agreement on prices or joint bidding arrangements, joint negotiations with carriers about transportation costs, licensing agreements and exclusive dealing agreements with suppliers of goods and services for export.

To reduce this antitrust uncertainty, the U.S. Congress enacted a certification program which enables U.S. exporters to receive an advance determination about their specified export conduct and which confers significant antitrust protection for that conduct. The ability to limit possible exposure up front is desirable because antitrust law and enforcement policy is often unclear.

Acceptable Activities

With a Certificate of Review—issued by the U.S. Department of Commerce after review by the U.S. Department of Justice—U.S. companies are allowed to join together, for the purposes of exporting, to set prices, allocate markets, allocate customers, share market information and share product information. To date, over 700 firms throughout the United States have obtained antitrust protection under a Certificate of Review.

Protection Offered

A Certificate provides a U.S. company with immunity from federal and state government suits and also is a significant deterrent to suits by private parties. Conduct within the scope of the Certificate has a presumption of legality; damage awards to plaintiffs are limited to single damages; defendants are entitled to recover legal expenses, including reasonable attorney fees if they win. These procedural advantages in private suits are important in discouraging frivolous legal actions. In addition, the immunity granted does not have an expiration date.

Applying for a Certificate of Review

All U.S. firms are eligible to apply for antitrust protection under the ETC Act. Application forms are available from the Office of Export Trading Company Affairs, International Trade Administration, Room 5618; U.S. Department of Commerce; Washington, D.C. 20230.

The application asks a number of questions about the applicant and associated firms, if any, requesting protection, and requires a description of the specific export-related activities that are to be protected. All information submitted in connection with an application is treated confidentially and is not subject to disclosure under the Freedom of Information Act.

Shortly after an application is accepted for processing, a notice is published in the Federal Register summarizing the export conduct that the applicant seeks to have certified. Before being sent for publication, the notice is reviewed with the applicant to be sure that it properly describes the export conduct to be covered. Sales figures, and other information in the application that might be sensitive, are not included in the notice.

By statute, the Departments of Commerce and Justice have 90 calendar days to process an application and reach a decision on the Certificate. This time period can be extended only if the agencies find it necessary to send out a formal request for additional information, or if the applicant grants a 30-day extension.

Agricultural Trade Leads Now Available in Daily Newspaper

Agricultural trade leads from overseas firms seeking to buy or represent U.S. food and agricultural products are now available in the *Journal of Commerce*, a daily business newspaper published in New York.

The Foreign Agricultural Service (FAS) processes trade leads daily and makes them available the same day to U.S. exporters through a number of commercial computerized information networks.

The *Journal of Commerce* accesses the leads electronically but has no time advantage or exclusive rights to the sales information, according to Stan Barrett, a marketing specialist with the FAS High Value Products Division.

However, Barrett said the availability of trade leads in the daily newspaper provides a faster means of communicating with exporters who cannot access the information electronically, and makes the leads available to a wider audience.

"With competition among exporting countries becoming more intense, timely dissemination of trade leads is crucial to exporting success," Barrett said.

Unusual Requests Were Once Common

At the beginning of this decade, FAS was receiving requests from foreign countries for such unusual agricultural products as turtle eggs, four-leaf clovers and cow gallstones. (The gallstones were requested by the Chinese to be used as ingredients in medicines. What was done with the turtle eggs and clovers is uncertain.)

Today, according to Barrett, FAS no longer receives as many unusual requests from foreign countries. The agency now prefers to concentrate on requests for "proven" commodities like wheat, wood, beef and poultry.

Barrett said there are enough requests for products of these types to make a tidy profit for alert U.S. suppliers. "In an average year we receive about 4,000 trade leads," Barrett said.

Most Leads From Europe and Pacific Rim

Barrett said the majority of the trade leads come from countries in the Pacific Rim and Western Europe. However, in the past two years, there has been increased activity in the Middle East.

"The Middle East is especially exciting for U.S. exporters because of a growing population with high disposable incomes," Barrett said. "The area also has a fairly well-developed grocery store network that gets the products to consumers easily."

In 1987, the 10 countries generating the most trade leads were Taiwan, Japan, the United Kingdom, Kuwait, Oman, the United Arab Emirates, Egypt, Bahrain, West Germany and Canada.

Barrett said the most frequently requested U.S. commodities are canned vegetables, canned fruits, bulk corn, dairy cattle, dried milk and milk products and beans.

And, while he says FAS rarely receives unusual trade leads, occasionally one comes through, like a recent request from Ecuador for 10,000 trout eggs.

Ag Emissaries Are Key Market Link

Agricultural officers stationed at U.S. embassies throughout the world are the primary source of trade leads.

"One of the major functions of agricultural officers is to provide information on export trade opportunities to U.S. agricultural product suppliers," Barrett said.

Agricultural officers identify opportunities by maintaining close ties with the agricultural sector in the country in which they are stationed, by monitoring the country's financial news and by being available to meet and talk with foreign business people.

Perceived and actual opportunities are quickly relayed to FAS headquarters in Washington, D.C., where they are made available to farmers, food companies and agricultural exporters.

Computer Access Is Available

In addition to publishing trade leads in the *Journal of Commerce*, FAS disseminates trade leads through computer information networks.

"All you need is a computer with a telephone modem and communications software," Barrett said.

Three companies provide electronic access to trade leads within 24 holurs of their receipt by FAS.

The companies each charge fees for this service. The names and addresses of the companies are:

Agnet
University of Nebraska
Lincoln, Nebraska 68583
Tel. (402) 472-1892

AgriData Resources, Inc.
330 East Kilbourn
Milwaukee, Wisconsin
Tel. (800) 558-9044

Dialcom, Inc.
Suite 307W
600 Maryland Ave., SW
Washington, D.C. 20024
Tel. (202) 488-0550

FAS also publishes all trade leads received during the preceding seven days in *Export Briefs*, a weekly publication. A yearly subscription to *Export Briefs* costs $75 and can be purchased by contacting the FAS, U.S. Department of Agriculture, Room 4645-S, Washington, D.C. 20250. Tel. (202) 447-7103.

For more information on agricultural trade leads, contact the High Value Products Division, Tel. (202) 447-3031. ■

Grape juice concentrate

Quantity: 20-foot container basis Quality: 100% natural grape juice, top grade. Packaging: aluminum cans/glass bottles. Delivery: July 1988 Quote: cif Keelung Taiwan. Bank: Chang Hwa Commercial Bank Ltd., Chung Tung Branch a/c no. 01-30430-4-00.
Contact: David Chen, Upchem Int'l Corp., 11F, 150 Fu Hsing North Road, Taipei, Taiwan. Tel. 886-2-713-7533. Telex. 22911 UPCHEM. Fax. 886-2-712-2423.
USDA Ref: 1601-880706-583W0227
Taiwan

Macaroni, noodles, similar products

Quality: full range of high quality pasta products of all kinds. Packaging: retail size packs Delivery: asap Full English/Arabic labels including production/expiry dates required. Quote: c&f Manama. Bank: Bank of Bahrain and Kuwait Manama Contact: Mr. Ali Hassan Awachi, Ali Hassan Awachi Est. P.O. Box 5613, Manama, Bahrain Tel: 241341.
USDA Ref 1630-880706-525T0208
Bahrain

Dry organic fruits and nuts

Quantity in 1 mt — 10 mt for shipment Quality: organic only. Quote: fob. Bank. Swiss Volksbank Contact: Mr. Markus Sulzberger, Sulzi Import Ober Rueggenthal CH-8344 Baeretswil. Tel. 01/939-29-43.
USDA Ref 1588-880706-441[illegible]0014
Switzerland

Good Guidance Gladly Given To Small and Minority-Owned Firms

Sheila Phalon

Beef jerky made by a Kiowa Indian in Oklahoma has been sold at the exclusive Harrod's department store in London. In a business sense, the world does seem to be getting smaller.

Foreign tastes are as varied and unpredictable as our own, and because of this, U.S. minority-owned businesses have a good opportunity to export their agricultural items overseas.

U.S. small and minority-owned food and agricultural export services companies have as much to gain in doing business overseas as the exporting giants.

This is a message the Foreign Agricultural Service (FAS) wants to get out. To do that, the agency has instituted a program designed to support companies with the will to go after overseas business.

Information from the U.S. Small Business Administration (SBA) indicates that about 99 percent of all U.S. companies employ 500 or fewer people, which puts the companies in the small-business category. And, of all U.S. companies, approximately 5 percent are minority-owned.

In assisting small and minority-owned businesses, FAS works closely with the SBA through a cooperative agreement signed in 1982. The agreement formalized the U.S. Department of Agriculture's commitment to include small and minority companies in its export market development program.

FAS Extends a Helping Hand

"We extend our hand to economically and socially disadvantaged businesses and ask them to let us guide them toward exporting opportunities," says Dugger Harris, coordinator of the FAS Minority and Small Business Programs. "At times is may seem that we squeeze too tight but it is only because we want them to be successful."

Most of the assistance that FAS can provide to small and minority-owned businesses is offered for free or at a nominal cost.

Harris estimates that his office provides services to about 250 small and minority firms, but he is anxious to help even more.

"We want small and minority-owned businesses to know that we will make available to them the same services the FAS provides to large exporting businesses," Harris says.

Trade Fairs Introduce Products

According to Harris, one of the best ways FAS can help small and minority-owned businesses gain a foothold in exporting is through international food trade fairs.

FAS sponsors pavilions, recruits exhibitors and manages exhibits at international trade fairs.

"Because of the contacts a business can make at trade fairs, they are one of the most effective means of introducing and promoting food products overseas," Harris says.

Not surprisingly, there is a large demand for the limited exhibit space at trade fairs. But in an effort to help new and struggling

companies, FAS has reserved 10 percent of the U.S. exhibit space for small and minority-owned businesses.

FAS and the U.S. Small Business Administration team together to cover the participation fees for small and minority-owned businesses that are selected to exhibit at trade fairs. However, the costs for travel, lodging and miscellaneous expenses are the responsibility of the selected companies.

Companies Must Meet Requirements

To be selected for participation in a trade fair under this program, a company must meet the following criteria:

—Small and minority-owned firms are eligible. A small firm qualifies if it has an annual gross income of $5 million or less and no more than 25 full-time employees.

—A minority-owned or small company must register with the Minority and Small Business Programs coordinator not less than six months before the recruitment of participants for trade shows.

—The products minority-owned or small businesses are trying to sell must be made principally of ingredients produced in the United States.

—All minority-owned or small business participants must agree to have a qualified sales representative at their booth at all times during the trade fair.

FAS Assistance Gets Results

Services provided by FAS to a small or minority-owned business create opportunities and get results.

Jerry Ravenell, president of Low Country International, Inc. of Washington, D.C. and Mount Pleasant, South Carolina, is an example.

Ravenell's company provides export services to small- and medium- size U.S. companies. These services range from crating and shipping to serving as overseas agents for U.S. food products.

When Ravenell started out four years ago, his business consisted of himself and a desire to get into exporting.

Working closely with the FAS Minority and Small Business Programs, Ravenell's business is gaining a reputation as a knowledgeable and experienced exporting enterprise. Ravenell and his staff now represent a number of U.S. food items, including American Classics teas, in the Caribbean, the Middle East and other overseas markets.

Recognizing Ravenell's newly acquired international expertise, the U.S. Department of Agriculture has twice appointed him to the Agribusiness Promotion Council. He currently serves as Country Coordinator for Grenada on the Council.

But the road to this success was not a smooth one, according to Ravenell.

"FAS arranged for me to attend a food trade show in London in 1984," Ravenell said. "We had absolutely no sales during that show, but I gained an understanding of what I needed to learn to compete in international trade and I began to build a presence in the food exporting business."

Ravenell also used information from the FAS Minority and Small Business Programs to identify markets for his services and opportunities in exporting. And, Harris placed him in contact with people who needed the types of services Ravenell's company could provide.

Beef Jerky Has Ups and Downs

As for the Oklahoma beef jerky sold at Harrod's, this is a story with some ups and downs, and a "maybe" in its future.

The beef jerky is made by the Apache Meat Processing Company of Apache, Oklahoma, which is owned by Robert Rowell, a Kiowa Indian.

Like Ravenell, Rowell also exhibited in London in 1984. His beef jerky was so popular that he received an order from Harrod's. For six months he supplied the swank department store with cartons of his jerky, which is made with a special, patented sauce.

Because of his success, Rowell received a National Minority Business Person of the Year Award from President Ronald Reagan.

Unfortunately, Rowell's dream ran afoul of British suspicion of the water in Oklahoma.

"While my jerky met with U.S. government health guidelines," Rowell said, "the English analyzed it and decided that Oklahoma's water, which is used in making the jerky, wasn't as pure as they would like it."

But ever the determined businessman, Rowell is in the process of buying and installing a chlorinator at his processing plant. He also has re-contacted a number of British businessmen about handling his jerky and has had encouraging responses.

"And, the Japanese are showing interest in our dried beef products," Rowell said.

For more information on the Minority and Small Business Programs, contact:

Dugger Harris, Coordinator
Minority and Small Business Programs
High Value Products Division
Foreign Agricultural Service
Room 4639-South Building
Washington, D.C. 20250-1000
Tel. (202) 475-3417 ■

U.S., Japan Reach Agreement On Beef and Citrus

By Laura Gabel

On July 5, 1988, the United States and Japan signed an agreement to eliminate Japanese quotas on beef and oranges over the next three years and to eliminate the quota on orange juice concentrate over the next four years. Although this agreement does not guarantee sales for U.S. beef and citrus producers, it offers excellent export opportunities.

When the Japanese market is completely liberalized, U.S. beef exports are expected to double, exceeding $1 billion per year. U.S. orange exports are expected to increase by 50 percent reaching approximately $120 million per year. Orange juice exports are expected to expand tenfold, exceeding $25 million per year. However, successful marketing efforts could result in much larger exports in the long term.

Agreement Eases Trade Frictions

Quotas on agricultural products, especially beef and citrus, have been the source of trade friction between the United States and Japan since the early 1960s.

Japan originally restricted imports of certain agricultural products, including beef and citrus, for balance of payments reasons. However, Japan lost its balance of payments justification under the General Agreement on Tariffs and Trade in 1963. Since that time, Japan has restricted imports in order to protect its domestic beef and citrus producers.

Background on Beef and Citrus Quotas

Beef imports are regulated through a quota system consisting of a general quota and smaller specialty quotas. In Japan Fiscal Year (JFY) 1987, 194,000 metric tons of beef were channeled through the general quota (90 percent) and 20,000 tons (10 percent) were channeled through the specialty quotas.

In recent years, the majority of the general quota (90 percent) has been allocated to the Livestock Industry Promotion Corporation (LIPC), a quasi-governmental organization responsible for maintaining import controls, stabilizing domestic prices and promoting the domestic livestock industry. The activities of the LIPC have been a primary impediment to marketing U.S. beef in Japan.

The LIPC also has had indirect control over beef imported through the simultaneous-buy-sell (SBS) tendering system. Approximately 10 percent of LIPC's share of the general quota is allocated to SBS.

Initiated in January 1985, SBS is designed to improve the marketing mechanism allowing end users to negotiate directly with foreign suppliers of Japanese importers to determine cuts, specifications, packaging, delivery schedules and import purchase prices.

Orange and orange juice concentrate imports are also under a quota system. However, imports are carried out by the private sector. In JFY 1987, fresh orange and orange juice concentrate imports totaled 126,000 tons and 8,500 tons, respectively.

Agreement Is Third One for U.S.-Japan

The current agreement is the third in a series of U.S.-Japan agreements on beef and citrus products. Previous agreements were the Strauss-Ushiba Understanding of 1978 and the Brock-Yamamura Understanding of 1984. Both of these agreements settled on annual quota increases for beef and citrus products.

Under the Brock-Yamamura Understanding, which expired on April 1, 1988, Japan expanded imports of high-quality (grain-fed) beef by 6,900 tons per year (an average increase of 17 percent), slightly faster than the 16-percent rate of the previous agreement.

Orange imports were expanded by 11,000 tons per year (an average annual increase of 11 percent), compared with 9,250 tons per year (16 percent) during the previous agreement.

Concessions on citrus juice included raising the quota on orange juice by 500 tons (5:1 concentrate) per year through 1987 and completely eliminating import quotas and licensing requirements for grapefruit juice.

Current Agreement Outdistances Others

The current agreement goes far beyond the previous agreements. In addition to eliminating beef and citrus quotas, the agreement calls for a three-year phase-out of the import management operations of the LIPC, and for greater flexibility in the administration of the import programs for both beef and citrus during their respective phase-out periods.

In addition, the agreement eliminates the distinction between grain-fed and grass-fed beef made in previous agreements.

Under the current agreement, restrictions on beef imports will be phased out over two three-year transition periods. During the first transition period (JFY 1988-90), quotas on beef imports will be expanded by 60,000 tons annually from a base of 214,000 tons, an average annual increase of 21 percent. Quotas will be eliminated as of April 1, 1991.

During this period, the proportion of beef imported under the SBS tender system will increase from 10 percent of the LIPC's share of the general quota to 30 percent in JFY 1988, 45 percent in JFY 1989 and 60 percent in JFY 1990.

The SBS system also will be reformed to increase the transparency of its operations, eliminate any discrimination between the treatment of grain and grass-fed beef and facilitate the participation of new buyers and sellers in the market.

In addition, as of April 1, 1991, the LIPC will no longer be involved in the pricing, purchase or sale of imported beef. The hotel quota, one of the specialty quotas, will be increased from 4,000 tons in JFY 1987 to 16,000 tons by JFY 1990.

Tariffs Will Rise Temporarily

During the second transition period (JFY 1991-93), the current 25-percent tariff will temporarily be increased to 70 percent in JFY 1991, and then reduced to 60 percent in JFY 1992 and to 50 percent in JFY 1993.

Japan also will have the option to implement an additional 25-percent tariff during the second transition period if Japanese beef imports reach 120 percent of the previous year's import level.

After JFY 1993, the tariff on beef will remain at the 50-percent level, but will be subject to negotiation during the current round of multilateral trade talks. A 50-percent tariff provides a much lower level of protection than the previous system.

Estimates indicate that the tariff and non-tariff barriers in place prior to the new agreement were equivalent to a 300-percent tariff on imported beef.

Orange, Orange Juice Quotas To End

Regarding oranges, the quota will be expanded over three years and eliminated

Beef, Orange and Orange Juice Quotas Will Increase Until Liberalization Takes Place

Japan Fiscal Year	Beef	Fresh Oranges	Orange Juice
	metric tons		
1988	274,000	148,000	15,000
1989	334,000	170,000	19,000
1990	394,000	192,000	23,000
1991	Liberalization[1] 472,000	Liberalization	40,000
1992	567,000		Liberalization
1993	681,000		

[1]The beef tariff will be increased from 25 percent to 70 percent in JFY 1991, and then reduced to 60 percent in JFY 1992 and 50 percent in JFY 1993. An additional emergency tariff of up to 25 percent can be applied during JFY 1991-93 if Japanese beef imports reach the specified levels.

as of April 1, 1991. During the transition period, access will be increased by 22,000 tons annually from a base of 126,000 tons.

Orange imports will be permitted in unlimited quantities as of April 1, 1991. The only restriction will be the current tariff, which is bound at 40 percent in-season and 20 percent off-season.

The orange juice concentrate quota, which will be phased out over four years, will increase from a base of 8,500 tons to 40,000 tons at the end of the transition period.

As of April 1, 1992, orange juice imports will be permitted in unlimited quantities. The only restriction will be the current tariff which is set between 25 and 35 percent, depending on the sugar content.

The requirement that imported orange juice be blended with *mikan* juice produced in Japan will be lifted for 40 percent of the concentrated orange juice imported in JFY 1988, 60 percent in JFY 1989 and completely eliminated as of April 1, 1990.

In addition, special access, not subject to the blending requirement, will be provided for imports of single strength orange juice and orange juice mixtures. As of April 1, 1991, imports of these products will be permitted in unlimited quantities.

Benefits for Other Products, Too

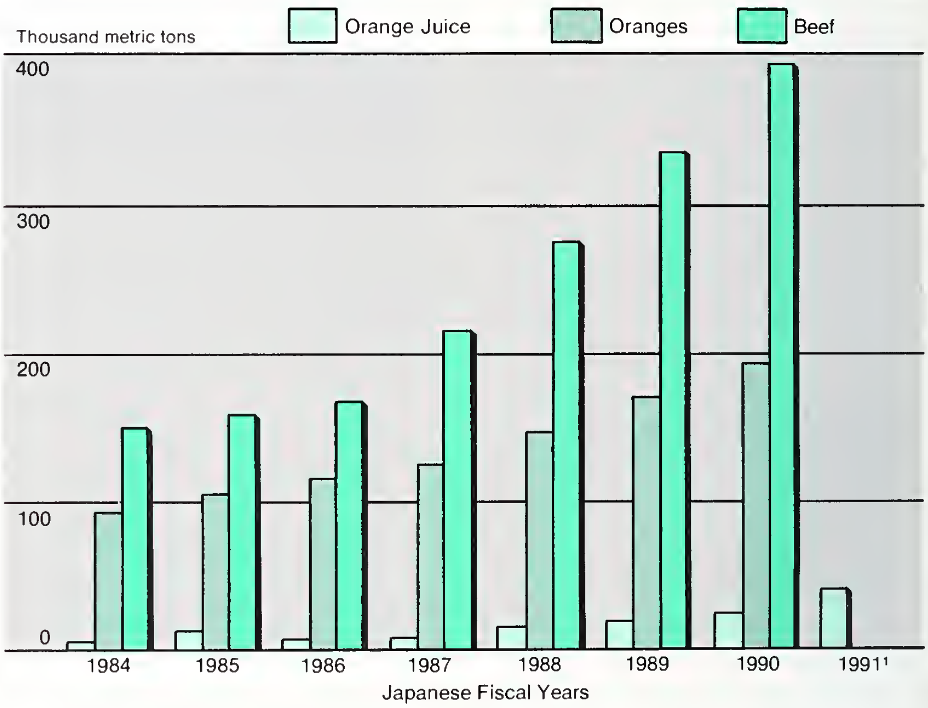
As part of the overall settlement, the Japanese agreed to reduce or eliminate tariffs on several high-value items of interest to U.S. exporters including pistachios, pecans, macadamia nuts, frozen peaches and pears, fresh lemons, fresh grapefruit, walnuts, sausage, pet food, beef jerky and pork and beans. ■

The author is with the International Trade Policy Division, FAS. Tel. (202) 382-1297.

U.S.-Japan Agreement Will Reduce Duties on Other Products

Item	Current Rate	New Rate	Planned Date
	-----------In percent---------		
Pistachios	9	0	4/1/89
Pecans	9	5	4/1/89
Macadamia nuts	9	5	4/1/89
Frozen peaches	20	10	4/1/89
Frozen pears	20	10	4/1/89
Lemons	5	0	4/1/89
Grapefruit 12/1-5/31	25	15	4/1/89
		10	4/1/90
6/1-11/30	12	10	4/1/89
Walnuts	16	10	4/1/89
Bulk pet food	15	0	4/1/89
Pet food packaged for retail	12	0	4/1/89
Beef jerky	25	10	4/1/89
Sausage	25	10	4/1/89
Pork and beans	28	14	4/1/89

New Agreement Means Improved Access for U.S. Beef, Oranges And Orange Juice in Japan



[1]Beef and orange quotas will be liberalized in 1991. Orange juice quotas will be liberalized in 1992.

Italy

Specialty Items Offer Promise for Expanded Sales

Prospects for U.S. agricultural exports to Italy should continue steady for 1988 due to the favorable dollar exchange rate, which has allowed U.S. bulk items to regain a certain market position. This trend is expected to continue, particularly as U.S. exporters improve efforts to maintain the quality of their products. Trade contacts continue to indicate that quality, rather than price, is the determining factor in making purchases, especially for wheat for pasta.

U.S. exports of traditional bulk commodities (wheat, corn and rice) likely will not recover the dominant position of the early 1980s despite the lower value of the dollar, due to variable levies which maintain internal European Community (EC) prices. Italian imports of soybeans will continue to fall, due to increasing competition from domestic production. Future sales also will depend principally upon the U.S. ability to exploit quality advantages over its competitors.

Grain supplements, such as corn gluten feed and animal feeds, are also in direct competition with EC products in surplus. While these products have a market advantage under current conditions, the EC is trying to change the market conditions to favor substitution of domestic production. Therefore, while these exports will continue strong in the short term, the long-term prospects depend on EC trade policies.

In the future, expanding sales opportunities for U.S. products in Italy will likely come principally from taking advantage of supply gaps caused by adverse weather or changes in consumer demand. Products that embody new technological advances and offer advantages to farmers or food manufacturers—such as bull semen, seeds, essential oils and flavorings—will continue to be in demand. In addition, there likely will be expanded opportunity for specialty items (furs, prunes, walnuts, asparagus, grapefruit juice, popcorn, peanuts and beers) that will regain a competitive edge through the devaluation of the dollar.—*Mattie Sharpless, Agricultural Counselor, Rome.*

Japan

Imports of Most Wheat Products Register Gains

Japan's imports of wheat-based products such as pasta, noodles and bakery items continue to increase. This trend is being encouraged by the strong yen which makes imports less expensive and by Japan's high wheat resale price. This high resale price makes it difficult, or impossible, for Japanese mills to compete with imported products on price. The countries that are currently benefiting most from increasing exports to Japan of processed wheat products are Korea, Italy, Denmark and the United States. Considerable opportunity exists for further expansion.

Presented below are Japan's imports of wheat-based products in metric tons from the United States, the No. 1 supplier, and the total from all suppliers during the past five years.—*Bryant Wadsworth, Agricultural Counselor, Tokyo.*

	1983	1984	1985	1986	1987
Pasta					
Italy	18,159	22,422	25,515	33,275	34,441
U.S.	516	9	100	59	202
Totals	18,772	22,533	25,725	33,476	34,892
Noodles					
China	2,653	2,808	2,499	3,160	3,218
U.S.	9	11	8	8	13
Total	5,266	4,821	4,016	5,099	5,883
Bread, biscuits and cookies					
Denmark	2,878	4,110	5,000	7,070	5,921
U.S.	1,818	1,849	2,152	2,474	2,613
Total	6,211	7,462	8,752	12,738	12,883

Malaysia

Market Gets Chance To Weigh Strong Points of U.S. Corn

A promising development last year was the entry of U.S. corn into the Malaysian market due to sharply reduced supplies from Thailand. Although it is likely that the United States will have a hard time maintaining a market presence once Thai supplies return to normal, the sales last year provided an opportunity for Malaysian users to become more familiar with the qualities of the U.S. product.

In a recent comparative study between U.S. and Thai corn, the pluses for U.S. corn included consistent quality, low aflatoxin levels (below 20 parts per billion), less drugs needed in feed, lower moisture content for better storage, reliable exporters and slightly higher energy value. Factors against U.S. corn are shipment size, low xanthophyll content and dusty ground. Also, some of the corn is up to two years old.

The pluses for Thai corn were that it comes in regular small-size shipments (500-1,000 tons), already bagged. Also, with a shipping time of only 10 days, there is no need for high-cost storage. In addition, Thai corn is known to make good corn grits.

Last year feed millers overcame the U.S.-shipment size problem by cargo sharing with other users or splitting cargoes with soybeans or wheat. The U.S. Feed Grains Council also is considering undertaking a study of the feasibility of developing bulk-handling facilities at Malaysia's premier port. Such facilities may make it easier for the United States, a volume supplier, to compete in the future.—*Frank Tarrant, Agricultural Attache, Kuala Lumpur.*

Poland

Nursery and Tree Stock Imports Getting Government Priority

There is high interest among Polish organizations and government officials in importing U.S. nursery and tree stock over the next several years. Polish orchards were damaged significantly during the winter of 1986/87 with indicated losses of 15-20 percent of the apple trees, 45 percent of the pear and sweet cherries, 50 percent of the plums and walnuts and 11 percent of the sour cherries.

The Polish government is undertaking a major campaign to import fruit trees from the United States and Western Europe to replace some of the large number of trees lost to the freeze. The government apparently would like to import a million fruit trees over the next several years and is making some hard currencies available for these imports.—*Hal Norton, Agricultural Counselor, Warsaw.*

Romania

Imports of U.S. Soybeans Reach Record High Last Year

U.S. agricultural sales to Romania in 1987 were dominated by two product categories: soybeans and soybean meal ($84.6 million) and hides and skins ($12.9 million). In terms of volume, 1987 was a record-high year for Romanian purchases of U.S. (418,912 tons). In contrast, U.S. hides and skin exports have dropped sharply over the past two years after averaging over $40 million annually during 1983-85. This can probably be partially attributed to the government's import policies, but also may reflect lower demand for Romanian finished leather products.

Romania's agricultural exports to the United States were up over 50 percent (from $12.4 million to $19.4 million) for 1987 over 1986. The major commodities exported by Romania to the U.S. market were meat and products (mostly canned pork), which more than doubled in 1987 to $16 million, followed by wine and champagne.—*Steve Washenko, Agricultural Attache, Belgrade.*

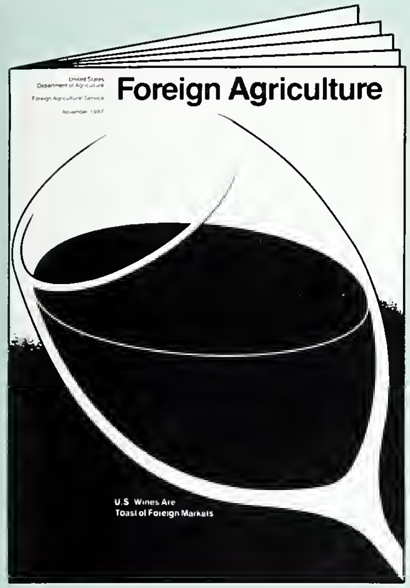
Taiwan

Aquaculture Industry Beset by Problems

Aquaculture has been an increasingly important part of Taiwan's agricultural output—and a significant user of imported U.S. feed materials. Recent estimates indicate that some 100,000 metric tons of wheat and 75,000 tons of soybeans were used for aquaculture in 1987. However, increasing pollution, ground-water loss and land subsidence are forcing the authorities in Taiwan to reconsider the policy of promoting shrimp pond aquaculture.

Until 1987, farmed shrimp were Taiwan's second most valuable agricultural export after pork. In addition, the raising of shrimp provided one of the highest incomes per unit of farmland. Until the rather disastrous decline in 1987, average per hectare gross profit from shrimp farming in Taiwan was estimated at about US$29,000, compared with an average profit of US$1,300 per hectare for rice. In 1987 the shrimp industry had a bad year, due to disease losses, small shrimp size caused by overstocking and other factors which drastically cut profits. Dairy farming has currently risen to the No. 1 position as agricultural money-earner.

For 1988, authorities in Taiwan have set a goal of reducing output by 2.7 percent to ameliorate shrimp pond-related problems.—*David Murphy, Acting Chief of the Agriculture Section, Taipei.*



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